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INFORMATION REPORT

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COUNTRY China

SUBJECT Communist Dissension in Canton

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1. Even before the fall of Canton, friction had arisen among Communist leaders concerning control of the city and of Kwangtung Province.* Communist authorities in Paiping had originally intended to divide the authority between YEH Chien-ying (葉劍英) as political chief and CH'EN Keng (陳賡) as military leader. As general secretary of the South China Bureau of the Chinese Communist Party, however, YEH obtained control of both political and military fields.
2. YEH Chien-ying's first move for political control was to take over Canton finances and properties. For this purpose, he instructed one of the South China Bureau's newly appointed political workers, SU Yu-ch'ien (蘇浴虔)** also known as SU T'ien-ch'un (蘇天春), a native of Hu Chiang (湖江), Tungshai (110- 21-) Island and an old Communist Party member, to take over city organizations under the authority of the Canton Suburbs Joint Work Unit of the Bureau. YEH's second approach was through HSIUNG (熊) (fnu),** former warlord of Kwangtung Province, who was commissioned to organize the Chiang Suppression Army, under the direction of the Chung Ho Tang (中和堂) Reform Committee. T'EN Ch'ueh-fei (田覺非), a member of the Committee, was appointed head of the army and ordered to collect money and materials from all the firms in Canton which were taken over. YEH also directed CH'EN Po (陳泊), official of the South China Bureau to use undercover agents in Canton to help gain control of the city's wealth.
3. Meanwhile, however, similar plans were under way in CH'EN Keng's contingent. TENG Hua (鄧華)** commander of the Communist 1st Army, was ordered to assure CH'EN's control of the city, and PAO P'eng (鮑鵬) head of the South China Bureau Political Department, was assigned to establish political control. The second secretary of the Bureau, CHANG Yun-i (張夢逸)** also sent his representative, LIANG Hsia (梁俠), to assist. In spite of their efforts, however, YEH Chien-ying succeeded in dominating the new government and the city finances. Dissension between the two factions was heightened when YEH took over the Bank of Canton.

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4. CH'EN Keng and CHANG Yun-i tried to undermine YEH's influence by making a joint complaint to Communist authorities in Peiping that it was not proper to assign the control of Kwangtung to an individual who had done little to help in its liberation. They urged that YEH should be transferred or his power should be restricted. Next they recommended jointly that TENG Hua be appointed garrison commander of Canton in order to curb YEH's power.
5. In the later part of October 1949, CH'EN and CHANG assembled in the conference hall of the Canton Municipal Government all the representatives in charge of take-over proceedings in the city. Canton Garrison Headquarters then ordered these representatives to disarm YEH's forces. When YEH's men resisted, a small battle ensued. In order to restore and preserve order, YEH appointed CH'EN Po commissioner of the Canton Public Security Bureau.
6. The situation did not improve, however, when YEH denounced CH'EN Keng as headstrong and irresponsible and claimed that it was the efforts of local Communists and YEH's planning which had freed Kwangtung. He requested the Peiping government to punish both CH'EN Keng*** and CHANG Yun-i for their activities.
7. In order to straighten out this difficulty, the Peiping authorities re-assigned several of the Kwangtung and Canton personnel. CHANG Yun-i was made governor of Kwangsi Province.*** The Public Security Bureau was reorganized, with T'AN Fu-wen (譚福文), CH'EN Keng's right-hand man, as commissioner. These measures caused a resolution of the difficulties, at least on the surface, but the situation remains disturbed.
8. Another cause of dissension is YEH Tao-ying (葉導英), brother of YEH Chien-ying. YEH Tao-ying and his sisters were sent by their brother to organize in Hong Kong two firms for purchasing war materials, the Ta Tao (大道), 47 Nan Ham (文咸) Street, and the Nan Huan (南環) Trading Companies.*** Through these, YEH made considerable sums, hoarded cotton piece-goods, and sold Canton import certificates. On 28 December, he smuggled into Canton on a coal train from Hong Kong more than a hundred thousand Hong Kong dollars' worth of materials. When this became known to TENG Hua, he ordered the troops in Shenchuan (114-08, 22-32), the company headquarters, to arrest YEH Tao-ying. TENG and LAI Chieh-pin (賴傑倫) brought up the activities of the YEH brothers at a meeting of the South China Bureau and tried tooust YEH Chien-ying in favor of CH'EN Keng.
9. About mid-January 1950, a new argument arose between YEH Chien-ying and FANG Fang (方方), deputy governor of Kwangtung. In a surprise raid in Canton on 28 December 1949, three of FANG Fang's men were killed by YEH's subordinates. The case has not been settled, and FANG Fang has been added to the opposition of YEH.

* Comment. For previous discussions of the difficulties among the administrators in Kwangtung and Canton, Authority in the province was divided among YEH Chien-ying as military leader; KU T'ang-ts'un (古桐存), also written KU Ta-ts'un (古大存), as political leader; and FANG Fang as party leader in December 1949.

** Comment. Additional items of information available on the following are:

SU Yu-ch'ien was vocational representative to the 1946 National Assembly from Kwangtung Province.

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TENG Bun, in addition to his army position, is a member of the Canton Military Control Commission.

CHANG Yun-i was originally appointed head of Communist administration in Hainan but was opposed by local leaders and received the Kwangsi appointment instead. [REDACTED]

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HSIUNG is probably HSIUNG Shih-hui, former governor of Kiangsi and later commander of the Nationalist Northeast China Command.

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[REDACTED] Comment. This latter is the South China Enterprises Trade Bureau, with headquarters at Shenchuan (Shumchun). The transportation of materials for this firm, according to previous information was handled by WU Tao-ying, who may be identical with YEH Tao-ying. [REDACTED]

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[REDACTED] Comment. On 16 March 1950 the State Administrative Council in Peiping announced the appointment of CH'EN Keng as governor of Yunnan Provincial People's Government.

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